

REMARKS

In the Office Action, the Examiner rejected claims 1, 3-13 and 15-18 under 35 U.S.C. 102(e) as being anticipated by Kravitz (U.S. 6,029,150). The Examiner has also rejected claims 2 and 14 under 35 U.S.C. 103(a) as being unpatentable over Kravitz in view of Lawlor (U.S. 5,220,501). Applicant respectfully traverses these rejections.

In the claims as amended, new claim 19 has been fashioned based upon old claim 1. Furthermore, new claim 23 has been fashioned based upon originally claim 5. However, the Examiner will note that the means-plus-function language has been deleted and a structural recitation inserted.

The present invention makes use of a database and administrative program(s) to monitor and authorize customer purchases. The database includes a customer file that may include a number of sub-files. Included among the sub-files may be identifying statistic fields and purchase parameters. In setting up a customer file, the purchase parameters may be established to limit the circumstances under which a customer may make future purchases. For example, the customer may set up the purchase parameters to limit future purchases to such things as a specific dollar value for a single purchase or to indicate that all purchases must take place at a specified time.

In operation, a customer wishing to purchase goods from a merchant will first present that merchant with the customer's account number. Next, the merchant submits the customer's account number to an approval program that queries the purchase parameter of the customer file. If the query indicates that the purchase falls within the customer's purchase parameters it will be authorized. Alternatively, the purchase will be declined. The system may be used for both online and offline transactions.

In contrast to Applicant's system is the system of Kravitz. In Kravitz, the customer first obtains a quote for goods from a merchant. See Col. 7. li. 18-45. It is the customer that

next sends a payment request message to an agent. Id. In a next step, the agent issues to the customer a payment advice message. Id. Next, the advice message is forwarded by the customer to the merchant. Id. After the merchant receives the payment advice message it provides the goods. Id.

The Kravitz system is essentially an encryption key system that requires customer participation for each purchase. This is in contrast to the present invention that provides security through means of purchase parameters, but does not require specific authorization by the customer for each purchase.

Another difference between Kravitz and the present invention is that the “shared secret” encryption method (which Applicant submits that it is different from the purchase parameters of the present invention) is a *dynamic* secret that changes with each transaction. This differs, of course, from the purchase parameters of the present invention that remain unchanged until modified by the customer.

Accordingly, in view of the above amendments and remarks, Applicant submits that the application is now in proper form for allowance. Such action is respectfully requested

The Commissioner is authorized to charge any fee or credit in the overpayment in connection with this communication to our Deposit Account No. 07-1180.

Respectfully submitted,



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